

STAFF REPORT

DATE: October 26, 2010

TO: City Council

FROM: Paul Navazio, Interim City Manager
Juli Hawthorne, Assistant to the Director

SUBJECT: Letter of Support and Resolution Supporting Full Funding of the EECBG Program

Recommendation

Adopt the attached Resolution Supporting Full Funding of the Energy Efficiency and Community Block Grant and authorize the Mayor to send a letter of support for full EECBG funding to President Obama.

Fiscal Impact

The city was awarded \$591,000 under the EECBG program in FY 09/10. This community block grant program came from Federal stimulus funds in the 2010 Federal year. This program was not funded in 2011 and is not yet part of the 2012 funding bill.

Council Goal(s)

This action supports the Financial Stability Goal #2: Define unmet needs and identify funding mechanisms for them.

This action supports the Sustainability Goal #4: Enact policies that work to conserve natural resources and that are environmentally friendly.

Background and Analysis

In the charged political debates over federal policies and spending, one simple factor is often overlooked – federal investments work best when they empower local communities to implement local priorities. When budgets are tight, it is critical for the federal government to invest in programs that create local jobs, leverage private investment, save taxpayer dollars, and help achieve national goals like energy independence and economic competitiveness.

One of the best examples of this approach is the U.S. Department of Energy's Energy Efficiency and Conservation Block Grant (EECBG) program, funded for the first time in 2009. In the City of Davis, the EECBG program is funding the following five activities:

- Community Lighting Efficiency Activity will convert 300, existing, high pressure sodium, cobra head street lights to energy efficient light emitting diode (LED) street lights, saving the city 13.5 MWh of electricity annually and reducing GHG emissions by

- 9.700. This activity is estimated to retain 2.24 jobs. Council allocated \$206,000 in EECBG funds to this activity.
- Fleet Energy Efficiency Activity funds the additional cost to upgrade from a gasoline powered vehicle to a like hybrid vehicle for several city fleet vehicles due for replacement, saving 447 gallons of gasoline annually and reducing GHG emissions by 3.9 metric ton of CO₂ per year. Council allocated \$56,484 in EECBG funds for this activity which leverages \$110,196 in city vehicle replacement funds. This activity is estimated to create 1.8 jobs.
 - Facility Energy Efficiency Activity expands the city's existing energy management system to more city buildings to monitor and regulate energy use. This activity will also conduct energy audits on 13 city buildings to determine areas of inefficiency and make recommendations for HVAC replacements or upgrades; retrofit upgrades such as insulation and weatherproofing; changes to office configurations; and recommendations for implementing small energy cogeneration systems using fuel cell technology or photovoltaic technology. This activity was allocated \$158,000 in EECBG funds by the Council and is estimated to retain 1.74 jobs and reduce GHG emissions 22.550 by saving 206 kWh of electricity and about 4,474 therms of natural gas annually.
 - Water Energy Efficiency Activity creates energy efficiency through water conservation by providing residential incentives to reduce water and energy use for landscaping through rebates or utility bill discounts to homeowners who purchase and install water energy saving devices which pump less water than standard sprinkler heads or irrigation controllers. This activity is estimated to save pumping approximately 12 million gallons of water annually. Locally it takes 1200 kWh of electricity to pump 1 million gallons of water, thus we estimate 14.4MWh of electricity will be saved annually and the reduction in GHG emissions is estimated at 10.300. \$51,000 in EECBG funds is allocated to this activity which is estimated to retain .54 jobs.
 - Municipal Financing District. This activity will increase consumer awareness of energy efficiency programs and incentives. The City has joined a statewide pilot program, under the State of California Energy Commission, to more efficiently deliver information and incentives for energy efficiency improvements, solar water heating, and distributed renewable energy production. We are leveraging \$119,516 in EECBG funds allocated by the Council.

There is a long list of potential projects that could be implemented with EECBG funds if – when – funding for this important program is included in the Federal budget. These projects are identified in the City's recently adopted Climate Action and Adaptation Plan (June 2010). The plan identifies dozens of actions that combine to reduce energy use and associated GHG emissions at the community scale. Several examples include the development of local solar power farms, energy retrofit of the existing housing stock, increase alternative transportation options, and directly engage Davis households to demonstrate simple, cost effective, and scaleable strategies to cut out unnecessary energy use.

In the past year, more than two thousand cities, counties and Indian tribes have received EECBG funds and begun to create substantial benefits for their communities and the nation as a whole. Efficiency improvements are saving local governments, businesses and residents millions of dollars in electricity costs per year; thousands of local jobs are being created; solar, wind,

geothermal, biomass, landfill gas and other resources are being utilized to generate thousands of megawatt-hours of clean electricity; and hundreds of thousands of metric tons of carbon pollution are being avoided.

The EECBG program works because it provides the flexibility to use resources in a way that makes sense in our community. We have made smart investments with the EECBG funding allocated to the City of Davis, investments that will reduce the cost of local government for years to come, and will help a whole new generation of citizens to learn about the benefits of energy efficiency and renewable energy. However, many vital local energy priorities have still not been addressed. There simply was not enough EECBG funding available to implement all of the needed projects that have the potential to save energy costs and create even more local jobs for our community. That is why hundreds of communities have joined together to launch the “Energy Block Grants Work!” campaign. They are showcasing the contributions that local governments are making to national energy security and economic recovery. The Energy Block Grants Work! campaign is managed by Climate Communities, a national coalition of cities and counties that is educating federal policymakers about the essential role of local governments in addressing climate change and promoting a strong local-federal partnership to reduce greenhouse gas emissions. Climate Communities championed the inclusion of EECBG and other clean energy funding in economic recovery legislation. With the support of cities and counties across America, the Energy Block Grants Work! Campaign is working to secure federal funding for the EECBG program in the next fiscal year, so that we can continue to implement more energy-saving projects.

Without additional funding, the very successful EECBG program will disappear. Staff recommends Council adoption of the attached resolution and that the Davis City Council authorize the Mayor to send the attached letter to President Obama, and to call upon California’s congressional delegation, to join the City of Davis in urging President Obama to include full funding for the energy block grants in his FY 2012 budget. By continuing to invest in thousands of local clean energy projects at the grassroots level, we can put people back to work, revitalize our economy, and reduce our nation’s dependence on foreign sources of energy.

Attachments

1. Resolution
2. Letter of Support

RESOLUTION NO. 10-XXX, SERIES 2010

**RESOLUTION SUPPORTING FULL FUNDING OF
THE ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANTS**

WHEREAS, the nation faces unprecedented energy challenges, including escalating energy costs and overdependence on foreign oil; and

WHEREAS, investment in energy efficiency and renewable energy is critical to position America to be competitive in the global economy, enhance American energy independence, build sustainable communities, and create new local jobs; and

WHEREAS, commercial, residential and public buildings are responsible for more than 40 percent of greenhouse gas emissions nationwide and local governments are best suited to strengthen building codes, foster community-scale renewable energy, and create other programs and incentives to increase efficiency and reduce energy use in buildings; and

WHEREAS, the transportation sector produces one third of greenhouse gas emissions and cities and counties can substantially reduce emissions and vehicle miles traveled by promoting public transit, converting municipal fleets to alternative fuels and more fuel efficient vehicles, and conducting more effective land use and transportation planning; and

WHEREAS, the Energy Independence and Security Act of 2007 (P. L. 110-140) established a new Energy Efficiency and Conservation Block Grant program at the U. S. Department of Energy, authorizing \$2 billion annually in formula grants to cities, counties, and states to develop and implement energy efficiency strategies; and

WHEREAS, the American Reinvestment and Recovery Act (ARRA) provided \$3.2 billion for the Energy Efficiency and Conservation Block Grant program to help communities decrease energy use, curb greenhouse gas emissions, and create jobs; and

WHEREAS, local governments are successfully utilizing their ARRA Energy Efficiency and Conservation Block Grant funds; and

WHEREAS, the U.S. Conference of Mayors, the National League of Cities, and the National Association of Counties have adopted resolutions and policies supporting full funding for the Energy Efficiency and Conservation Block Grants;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Davis supports the Energy Block Grants Work! campaign and will work to demonstrate to the White House, U.S. Department of Energy and Congress that we are effectively using our energy block grant to decrease energy use, curb greenhouse gas emissions, and create jobs; and

BE IT FURTHER RESOLVED that the City Council of the City of Davis urges President Obama and Congress to fully fund the Energy Efficiency and Conservation Block Grant program in FY 2012.

PASSED AND ADOPTED by the City Council of the City of Davis on this 26th day of October, 2010 by the following vote:

AYES:

NOES:

ABSENT:

Don Saylor
Mayor

ATTEST:

Zoe S. Mirabile, CMC
City Clerk

October 26, 2010

The Honorable Barack Obama
President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

RE: EECBG Funding At Work in the City of Davis, California

Dear President Obama:

I write on behalf of the City Council of the City of Davis to thank you for including \$3.2 billion for the U.S. Department of Energy's Energy Efficiency and Conservation Block Grant (EECBG) program in the American Recovery and Reinvestment Act (ARRA) and to urge you to provide full funding for this vital program in your FY 2012 budget. At a time when local budgets are severely strained, this funding has enabled our community to invest in energy security, save local taxpayer energy costs and create desperately needed local jobs.

For example, in the City of Davis, two of the projects we are implementing which are saving energy and creating local jobs, include:

- Community Lighting Efficiency Project – We are converting 300, high pressure sodium, cobra head street lights to energy efficient light emitting diode (LED) street lights, saving the city 13.5 MWh of electricity and at least \$15,000 annually, reducing GHG emissions by 9.700 metric tons annually and creating 2.24 jobs.
- Facility Energy Efficiency Project - Expanding the city's existing energy management system to 13 more buildings, to monitor and regulate energy use covering over 85,000 sq. ft. We are conducting energy audits on 13 facilities to determine areas of inefficiency and make recommendations for HVAC replacements or upgrades; retrofit upgrades such as insulation and weatherproofing; changes to office configurations; and recommendations for implementing small energy cogeneration systems using fuel cell technology or photovoltaic technology. This activity is saving 1.74 jobs. It will reduce GHG emissions by 22.550 metric tons, save 206 kWh of electricity and 4,474 therms of natural gas annually, saving the city \$37,230 in energy costs each year.

While we are extremely grateful that you made this initial investment in communities like ours nationwide, funding for the EECBG program must be included in next year's federal budget if we are to maintain the momentum and continue the progress that has begun. The transformations taking place at the local level throughout the country are helping to enhance American energy independence, create local jobs, and combat climate change. These changes must be encouraged to continue and expand, not allowed to expire when ARRA funding is no longer available. That is why the City of Davis has joined the Energy Block Grants Work! campaign and is working with hundreds of communities nationwide to share with you the impressive results and importance of this vital program.

By continuing to invest federal EECBG funding in thousands of local clean energy projects at the grassroots level, we can continue to put people back to work, revitalize our economy, and reduce our nation's dependence on foreign sources of energy. Thank you again for working to provide this invaluable funding for local energy efficiency and renewable energy initiatives. I look forward to working with your Administration to secure funding for the EECBG program in FY 2012, so that the City of Davis can build upon our many energy successes.

Sincerely,

Don Saylor
MAYOR

cc: Secretary Steven Chu, U.S. Department of Energy
Congressman Mike Thompson
Senator Diane Feinstein
Senator Barbara Boxer